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ABSTRACT

This report profiles current West Virginia women business owners and notes significant trends in the last eight years. It highlights a subgroup of women business owners, specifically low income, single women with children. These survey areas are discussed: industry sector, type of ownership, reasons for going/not going into business, planning time, status of the business, hours spent on the business, perception of risk, start-up and ongoing concerns, resources, capitalization of the business, home-based businesses, jobs created, prior experience of the entrepreneur, and demographic information. General recommendations are made, including ongoing oral and written data collection; development and use of audiovisual materials; outreach training and counseling; educators' promotion of the development and use of a business; development, analysis, and use of a written business plan by women business owners; concerted action for information transfer between the urban and rural areas of the state; and access to capital for women business owners. Specific recommendations call for (1) women business owner and educator awareness of market trends, (2) education about forms of legal ownership, (3) a better understanding of the risk, and (4) development of a network of associates to assist the entrepreneur. Data, the instrument, and case studies are appended. (YLB)

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WEST VIRGINIA WOMEN BUSINESS OWNERS:

CURRENT STUDY AND TRENDS REPORT

May, 1988

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TABLE OF CONTENTS

TITLE	PAGE
Introduction	4
Profile of West Virginia Women Business Owner	9
Research Introduction	10
Research Methodology	11
Research Results	14
I. Industry Sector	16
II. Type of Ownership	18
III. Reasons	19
IV. Planning Time	20
V. Status	21
VI. Hours	23
VII. Perception	23
VIII. Start-up	24
IX. Resources	27
X. Capitalization	29
XI. Homebased Business	31
XII. Jobs Created	32
XIII. Prior Experience	34
XIV. Demographics	36
Recommendations	39
Appendix	

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For his research text editing, I would like to acknowledge the time and efforts of David Revell. I would also like to give a special thank you to the Ford Foundation and their continued support for the Rural Economic Development Project. Lastly, I want to thank the many individual women business owners who graciously answered a long questionnaire, not only with asked-for answers, but with additional anecdotal information telling their stories.

Linda L. Holup

Many thanks to the Benedum Foundation whose support of Women & Employment has helped to make this publication possible. I would also like to express my thanks to all the women who have taken the time to be a part of this study. Special thanks to those who agreed to be interviewed for a case study. I am grateful too for the opportunity to work with the many fine people involved with Women and Employment, Inc. who have been supportive of the work that we have done.

Kathleen M. FitzGerald

INTRODUCTION

When Women and Employment began its work in the fall of 1979, the economy in West Virginia was still relatively strong and opportunities for employment were available. As volunteers, the women who initially came together to form the organization did so out of some self-interest. They were, for the most part, women interested in nontraditional jobs and had experienced race and sex discrimination. They were looking at the federal money available in Charleston for large construction projects and were determined to create an organization that would act as an advocate for them and others to obtain construction jobs in Charleston and other areas of the state.

By the fall of 1982, the economy in West Virginia had begun to shift for the worse. Jobs were hard to come by. Miners and construction workers were being laid off. Women, both black and white, were the last hired and first fired in all nontraditional jobs, particularly construction work. At the same time, Women and Employment began to look at other employment fields because of the women who were beginning to come to it for help. Women were having a hard time supporting their families through traditional "women's work" and some were interested in questions relating to pay equity and comparable worth. Still others came with another idea. Since there were no jobs in their area, or because race discrmination stood in the way of their employment, they decided that the way to support themselves and their families was to start a small business.

These fledgling entrepreneurs had very few resources personal or otherwise, since the majority of them were low-income. They usually did not know how to put together a business plan. Those who had approached a

bank with their ideas had been turned down. In 1983 a volunteer with W&E, Linda Holup who had an MBA and a private consulting firm in Huntington, began working with these women as a volunteer. What the women lacked in business knowledge, they made up in determination. They were clear that owning a business was what they were going to do and all they needed was a little encouragement. Using these women as models, Holup and staff director, Chris Weiss, wrote a proposal, to the Ford Foundation, to help women become small business owners. In 1983, the Ford Foundation awarded Women and Employment the first of several grants to begin a Rural Economic Development Project.

This first Project was "aimed at women with a viable business idea that fits into the framework of the county/regional expansion and development plans, skills that are adaptable to a particular business opportunity, and entrepreneurial drive and aptitude." By tying the business idea with development plans made by government officials and others in the area, it was thought that the women would have the best chance for their businesses and access to capital. Research was done that identified the "least risky businesses" and conferences held to inform local women of opportunties in their area.

This initial strategy was not entirely successfull for a couple of reasons. First, the development plans were largely targeted to men with many more resource connections than rural women generally possess and two, the sources of capital were consistently unavailable to women. Women and Employment began to address both these problems.

Through personal experience and research, Women and Employment began to identify a large, mainly "informal" economy out of which low-income women operate. West Virginia has the lowest female labor force participation rate in the nation - only 36%. Yet, clearly rural women

work very hard at sustaining themselves and their families. They are part of an informal economy, in effect, self-employed, growing tobacco or vegetables and selling them, taking care of children or the elderly, providing transportation for a fee for their neighbors, or selling at flea markets. Staff at W&E decided that the potential existed to move some of these women out of the informal sector into the formal sector by offering them technical assistance, and utilizing the skills they had developed in their self-employment activities. Still, the problem of access to capital remained.

While most women continued to rely on personal and family resources to capitalize their business, the development of a loan guarantee fund to link up women with small business ideas to banks seemed to be necessary. As a result, the first U.S. affiliate of Women's World Banking was formed in West Virginia and incorporated in 1984. Women's World Banking is a loan guarantee fund that operates in 33 locations around the world, mainly in Third World Countries. In West Virginia, an agreement was signed with Kanawha Banking and Trust Company (now United National Bank, N.A.) and in August, 1985 the first of the guarantees was made.

Women's World Banking/WV is small however, and has a loan guarantee limit of $10,000. This dollar amount is quite often sufficient to purchase a piece of equipment or inventory for the kind of micro businesses that women in West Virginia need. Technical assistance in developing business plans and marketing are essential before the business starts and should continue after the guarantee is made. In the case of two of the loans which have been re-paid, assistance is still offered, as needed.

Understanding that self-employment and small business development

is a viable solution to economic need that women themselves have chosen, Women and Employment began to realize that several of the requests for help came from women who received public assistance from the Department of Human Services. In the southern coal fields, in areas where jobs were virtually non-existent, women were requesting assistance with their business plans to become self-employed. Federal regulations that do not allow women to separate their personal from their business income present a major barrier to their plans. Thus, if a woman was to start a business, the first proceeds from the business would result in the loss of her public assistance grant. Despite this threat to family income, some women are willing to risk all for entrepreneurship. In 1987, the West Virginia Legislature passed legislation (developed with the assistance of W&E staff) enabling the West Virginia Department of Human Services to operate a pilot project for ADFC recipients, over 95% of whom are women, with continuing benefits while they become self-employed.

For some welfare recipients the only way they will acquire a job is to create one for themselves. Thirty percent of AFDC recipients surveyed recently by the Minnesota State Planning Office said they had considered starting a business to sustain themselves and could name the specific business. In Europe, many thousands of unemployed persons have taken advantage of welfare programs that allow recipients to continue receiving benefits while becoming self-employed.

The public policy implications of the small business efforts of entrepreneurial women, whether low-income or not, are many. Women and Employment has adopted a public policy agenda in the last two years with a research component that intends to document the range of activities that women in West Virginia do to contribute to the economy. With this information and a recent report by the WV Women's Commission, "West

Virginia Women in Perspective, 1975 - 1985," Women and Employment hopes to convince those administrators and legislators whose role it is to stimulate job creation and economic development in the state to target women for loan guarantee programs, technical assistance and training programs. In addition, W&E intends to organize these self-employed women and provide them with information on their potential to impact on public policy decisions that affect their lives.

Women and Employment has come a long way from its beginning as an advocate for construction jobs for women. The organization maintains its roots by continuing this work because it is only by working for other employers and learning on the job that women can increase their options for self-employment. But the organization has followed the lead of West Virginia women who are creating jobs for themselves. Women have long known what they must do to support themselves and their families. This report is a story of those efforts and their struggles for self-sufficiency.

*****1986 PROFILE OF THE WEST VIRGINIA WOMAN BUSINESS OWNER*****

The WV woman business owner is in her late thirties, has children and may or may not be currently married. She has a high school education and is as likely to be located in a rural area as urban area. She has the emotional and financial support of her family in this business venture. While her earlier entrepreneurial sisters may have had difficulties with their self-confidence, she does not.

Her business is likely to be in the service sector, may be a "non-traditional" business, and is organized as a sole proprietorship. She doesn't believe her business is a risky venture and says the business is potentially profitable or better. She spent more than six months planning for the business and didn't develop a written business plan. She received extensive advice from friends and professionals, both before and after start-up, but unfortunately did not have an adequate amount of money to capitalize her business. She currently spends more than forty hours per week working in her business and has no other employees to assist her. Within two years, she may hire others to work with her as the business grows, but most likely will stay at a level that will allow her to provide support for her family. Her main business concerns are cash flow, bookkeeping and marketing her service or product.

RESEARCH INTRODUCTION

The following research report is the result of data collected over the past eight years from West Virginia women business owners. The report is a collaborative effort between an individual researcher and a non-profit organization focusing on rural economic development issues as they effect women in this state. It had been determined that the best way to compile this data was in report form. Thus from a purely technical standpoint purer research technicians may take issue with the methodology and the validity of conclusions which were drawn. It should be noted that the authors recognize this and in fact call for more systematic collection of data, keeping research technique in mind. However, it was felt that the information as it exists needs to be open to examination and serve as a springboard for further investigation.

As the West Virginia economy continues to diversify, economic development professionals need information to assist in the process of small business development. In order to encourage the efforts of women business owners, these professionals need to know the constraints and concerns this population has expressed, from current information and reflecting any relevant trends over the past eight years.

Since 1978, data has been compiled by questionnaire, a copy of which appears in the Appendix. This report will provide a profile of current West Virginia women business owners (WBO's) as well as noting significant trends in the last eight years and highlighting a special sub-group of women business owners, specifically low income, single women with children. A series of recommendations will be made which specifically address public policymakers, bankers, entrepreneurial educators and the female entrepreneur herself. The strength of this last

section is grounded by practical field experience. These recommendations are made not simply based on research data but with an eye toward implementation by professionals providing technical assistance to female entrepreneurs. Lastly, individual case studies of women who have already established businesses are highlighted to demonstrate certain aspects of the research. Through this study we hope to accomplish several goals. One, to provide a broader community some insight into West Virinia Women Business Owners and their needs. Secondly, that the study provide some guidance to Women ad Employment and the many professionals developing public policy programs targeting women, legislating funds for these programs, and working one on one with women entrepreneurs to develop or evaluate their businesses, regarding program or policy direction.

RESEARCH METHODOLOGY

For the past four years Women & Employment has offered workshops and technical assistance to West Virginia women interested in starting or expanding their own businesses. To become more effective in this process we have felt it important to develop some background information on women business owners receiving services through individual consulting or workshops. Our work has provided us access to a number of individual women entrepreneurs. In assisting them, we have been interested in moving beyond the particular interests of the individual client to better understand who these women are and what experiences they bring with them as they work to open businesses. Beyond practical applications, we are interested in looking for trends or patterns in business ownership by women.

The primary body of data used in this report comes from studies conducted by Women and Employment staff member Linda Holup. These studies

of women entrepeneurs were conducted in 1978 while Holup worked to complete her MBA at West Virginia University, and again in 1982-83 when she conducted a series of workshops at Marshall University. The 1978 data were collected from forty-eight (48) women entrepreneurs who responded to a survey sent to one hundred twenty women, located by word of mouth through a network of women from around the state. (At that time, there were no Small Business Development Centers, no published data on WV Women business owners, and no established networks of female entrepreneurs.) In 1982 and 1983, data were collected from twenty-six women entrepreneurs who had completed a "Small Business Seminar for Women," a sixteen hour class, through Marshall University's Women's Center. Out of forty-five women, these twenty-six had already been operating their businesses for a period of time and had taken the course to sharpen their business skills and develop the analytical skills necessary to understand their financial statements.

To continue this process, a new survey instrument was developed in the fall of 1986 and mailed to women around the state with whom W&E had come in contact over the previous four years. Through this new survey, we hoped to compile additional data on women business owners. The first comprehensive data compiled directly through contacts with Women and Employment. The 1986 survey consisted of forty-seven (47) multiple choice and open-ended questions, through which the women described various aspects of their businesses and provided basic demographic information. Data was collated and analyzed by comparing results to the other two (1978 and 1982/83) study periods and examining possible trends which had appeared. Data was also analyzed by Women and Employment staff who operate a rural economic development program which focuses on the economic needs of low-to-moderate income women in the state. Of the two hundred

and ninety (290) surveys sent out, fifty-one (51) surveys were returned, for a completion rate of eighteen percent (18%). Although this return rate did not provide us with a large sample population, trends derived from this survey generally support our subjective observations from the field.

Since Women and Employment's program focus is on low-to-moderate income women and because we have been involved in public policy development, which includes welfare reform with women on public assistance, the 1986 survey gave us an opportunity to examine our target population. We felt it important to create a sub-set of data which looked at the characteristics and concerns of low-income women. If our program work were to provide assistance to this group, we needed to know if that particular group had specific needs that neither we nor other business professionals were meeting. We self-defined that group as: single parents, heads of households with income under $10,000 annually. Twelve women, twenty-four percent (24%) of the total 1986 respondents were in this target group.

RESEARCH RESULTS

In this discussion of our research results, primary attention will be focused on the 1986 survey of West Virginia women business owners. Particular topics have been selected for detailed analysis, incorporating the '86 data, trends from past surveys, and in some instances, comparisons of the special target population.

The 1986 survey provided a wealth of basic business information, including: a list of the types of businesses the women have initiated; what their start-up and on-going concerns were; where they operated their businesses and why they chose to develop a business. In addition, we have uncovered pertinent trends in the survey data and based many of our recommendations on prevailing trends or perceived changes in trends and characteristics. To facilitate the reader's understanding of this data, we have presented the trends information in a chart format (Appendix III). This chart provides easy access to the information provided in the results section discussion.

We have divided the following discussion into sections which correspond to selected questions from the 1986 survey (See Appendix). Any conclusions from or implications of the research results are included in each section's discussion. The survey areas included in the following discussion are:

I. Industry Sector

II. Type of Ownership

III. Reasons for Going/Not Going into Business

IV. Planning Time

V. Status of the Business

VI. Hours Spent on the Business

VII. Perception of Risk

VIII. Start-up and On-going Concerns

IX. Resources

X. Capitalization of the Business

XI. Home Based Businesses

XII. Jobs Created

XIII. Prior Experience of the Entrepreneur

XIV. Demographic Information

I. INDUSTRY SECTOR

The women who responded to the survey were not easily categorized as being in any single type of business (Figure 2). The range of businesses was broad, and occupations varied greatly. There did seem to be a predominance of what would be defined as traditional women's business, i.e., clothing and beauty businesses, secretarial/clerical businesses. But mixed in with these were a number of non-traditional businesses such as land clearing and furniture making. There seemed to be a concentration of service sector businesses. Of the women surveyed, fifty-six prcent (56%) of the businesses were in the service sector, twenty-five percent (25%) were in retail and eighteen percent (18%) were in light manufacturing.

This is not surprising. National trends indicate the fastest growing area of job creation has been in the service sector. West Virginia WBO's have not always been concentrated in the service sector. Back in 1978, forty-five percent (45%) of WBO's surveyed were in the retail industry with thirty-one percent (31%) in the service sector. However, this trend has not followed as rapidly to rural areas of the state. Only twenty percent (20%) of all WBO's surveyed in 1986 lived in rural areas and concurrently owned service sector businesses.

Throughout the research period we have seen continued growth in the number of service sector businesses. Such services as hair cutting, sewing repairs, small engine repair, child care and domestic cleaning require little overhead and small start-up costs. These businesses often are amenable to both rural and urban areas and can usually be operated in a cost effective manner usually within a year's time of start-up. We would expect this service business expansion to continue, especially in areas of

population growth or those areas targeted for tourist development. One of these boom areas in West Virginia is Putnam County, one of the two fastest growing counties in the state. (1980 U.S. Census Data)

The future of production or manufacturing on a micro-enterprise basis is less promising. Generally start-up costs are higher for this industry sector. A woman who has a business weaving clothing articles, for example, has the investment of fiber and looms essential to production. The market for these items is also more difficult to find. What we have seen to date has been the exportation of a product by a WBO to a market outside the region. A quilting group which manufactures hand-pieced quilts relies on the market in New York and other New England states. We acknowledge the importance of developing a production segment in the local economy as a means of providing a diverse economic base. We would expect that for this to happen successfully, markets outside the region need to be cultivated.

List of Respondent's Businesses

Bridal Shop (2)	Crafts (2)
Health Products Distributor	Sandwich Shop
Health Food Store	Flower Shop
Beauty Supply	Wool/Knitting Shop
Bath Linens	Party Supply
Computer Consultant	Interior Painting
Word Processing (3)	Health Care (4)
Bookkeeping (2)	Land clearing
Interior Design	Photography
Monogram Contractor	Secretarial Services
Attorney	Real Estate

CPA	Computer Systems Analyst
Spinning/Weaving (3)	Tailor, Seamstress (2)
Reservation Service	Furniture Maker

II. TYPE OF OWNERSHIP

Overwhelmingly, seventy-five percent (75%) of the women chose to establish their businesses as sole proprietorships. However, every business form was represented from a crafts cooperative (Sub Chapter T Corporation) to partnerships with family members, several corporations and S Corporations. Trend analysis shows a significant increase in the percent of WBO's who started sole proprietorships. In the 1986 survey, twenty-three percent (23%) more sole proprietorships were formed than in 1978. While sole proprietorship were on the increase, the data shows that partnerships declined during that period.

It is difficult to speculate on the reasons for this high percentage of sole proprietorships, but field experience may provide insight into this phenomenon. Many of the women counseled by Women and Employment and Women's World Banking/WV are looking at small business ownership as an alternative to being an employee. These women are displaced workers and displaced homemakers who have reached the conclusion that they have to either move out of state for a job or create their own work in their communities. These women are part of the group of WBO's who are interested in developing a business which provides mainly for themselves and their immediate families. Generally, these WBO's form sole proprietorships because they are the simplest type of business ownership for tax purposes and because they don't plan to significantly expand their businesses to the point of forming partnerships or needing the type of limited liability protection a corporation provides.

III. REASONS FOR GOING/NOT GOING INTO BUSINESS

Our research shows that foremost among the reasons women decided to start their own business were first, the desire to work for themselves, and second, to build future income. In 1986, women also began to list the inability to find a job (or a job they wanted) as motivation for starting their own business. During all three research periods, wanting to work for themselves and building future income, were the top two reasons listed for going into business.

The reasons given by the WBO's for not going into business sooner were varied. In 1986, financing difficulties were listed as a major reason for WBO's not starting a business. The issue of obtaining start-up money was the top stumbling block for the low income group. Having another job was also a popular reason listed for not entering into business sooner. By way of comparison, the 1978 data showed that women had delayed starting their businesses first, because of family commitments, second, employment at other jobs (the majority of those surveyed had continuous job patterns), and third, the lack of courage. Difficulty raising start-up money was not included in the top three reasons at that time.

During our research period, we have seen an inverse relationship between the economic climate and business startups. As the job situation tightens up, more people may be looking to small business development as a means of employment. We would speculate that people do not see many options for themselves and are now willing to take the risks a small business venture requires. A worrisome side to this entrepreneurial growth is that some people may attempt a small business venture without the aptitude and drive necessary to carry out their plans.

IV. PLANNING TIME

The decision to go into business is often not an easy one. Financial security, responsibility for decision making and willingness to take risks are among the variables that need to be weighed before moving into business ownership. Taking time to assess these factors is imperative in making a wise business decision. In 1986, eighty-eight percent (88%) of women business owners surveyed spent longer than six months to make the decision to go into business. In contrast, only forty-nine percent (49%) spent longer than six months to make this important decision in 1978. By 1982-83, the percent spending this period of time planning had jumped to eighty percent (80%).

Every client W&E works with spends considerable time developing a formal business plan which lays out several scenarios of projected income and expenses. These plans become a major decision-making tool for the entrepreneur and allow her to gauge her projections against actual costs. Experience has shown that business plans are a way into the bank. They certainly can't guarantee a loan, but they do present the business seriously for consideration.

In 1986, twenty-two percent (22%) of WBO's surveyed had a written business plan, compared with only four percent (4%) of those surveyed during the initial 1978 study period. Although these statistics reflect a clearcut trend toward an awareness of the need for increased planning, they still underplay the importance a written business plan provides a fledgling entrepreneur.

From our field experience, we would say that the process of developing a viable business plan causes the WBO to spend more time at the drawing board sketching out scenarios for her business. We estimate it takes a minimum of three to six months to gather the information needed

for the business plan and to develop it into workable pro forma statements.

Business plans will begin to play a more signficant role in the development of a small business venture. It will become increasingly more important for the entrepreneur to understand the plans and be able to use them as a tool for analysis of her business.

Women and Employment recently received a request from craftswomen in a rural area to conduct a four and a half hour workshop on understanding financial data. Several of the women had been to other workshops where they had received considerable business information, but not what they would consider "in-depth" information. They wanted to know how to use this information, what it told them, and how to understand the terminology.

V. STATUS OF THE BUSINESS

One of the criteria we used in describing a successful business was the owner's perception of that business. We were interested in looking at those ndividuals who saw ther businesses as successful or at a minimum were able to see the venture as potentially profitable. When asked how they perceived their business on a continum of unsuccessful to successful, eighty-three percent (83%) of all respondents saw their enterprises as potentially profitable or better. Even among the low income target population of women business owners, a clear majority, seventy percent (70%), saw their businesses as at least potentially profitable. This provides a clear indication that once in business, most women see themselves as succeeding. Trendwise, ninety-six percent (96%) of the 1978 WBO's said their businesses were potentially profitable. Given failure rates for start-ups, we would speculate that this slight decrease

in optimism over the past eight years reflects the economic downturn in the state.

Exploring further, we looked at the women business owners' gross sales and net profits for 1985. Data from this question was not complete. Some people claimed this information confidential, while others opened their business in 1986 and, as such, had no data for 1985. Twenty-one women, forty-one percent (41%), had no response or no gross sales for 1985. Thirty-three percent (33%) of the women business owners responding had gross sales under $10,000. The highest level of gross sales reported was greater than or equal to $250,000. Eleven women listed their gross sales somewhere in between, with nine of the eleven between $10,000 & $50,000.

A total of one-fourth (25%) of the women had net profits greater than $5,000, including five out of the eight women responding having over $15,000 in net profits. This figure takes on greater significance when compared to the median annual income for West Virginia women. According to the WV Women's Commission Study, Women in Perspective , the median annual income for all West Virginia women is only $4365. Our data showed that a fourth of our respondents were netting an amount greater than the median income for women.

As more women take role of entrepreneurs, there will be a growing research interest in their changing financial status. At this time, there is need for a more systematic, more thorough approach to data collection. This information could be used to chart the life cycle of a small business. It could also be used to assist WBO's in analyzing their businesses by providing a realistic comparison of their numbers to those of other female entrepreneurs. The statistics which are available for our research do not show these businesses netting large sums of money. In

most cases the WBO is simply meeting her goal of family maintainence. We would expect this trend to continue. Considering Women and Employment's primary target population, however, it is important that we not underestimate the value of the net profits to the entrepreneur, even when they appear relatively small.

VI. HOURS SPENT ON THE BUSINESS

In order to maintain their businesses, the respondents put in long work weeks. In the total survey population, sixty-three percent (63%) put in more than forty (40) hours a week. In the low-income target group, seventy-two percent (72%) said they spent more than a regular work week on their business. Consistently women business owners have spent more than forty hours per week working on their businesses, the figures remaining essentially unchanged between 1978 and 1986.

A concern that emerges from this section is that the number of hours put into the business venture is not yet paying off in profitability. This is probably a reflection of the short period of time many of the respondents have been involved in entrepreneurial activity. We would expect profitability to increase with time, recognizing the need to document these changes through a longitudinal study of the client base.

VII. PERCEPTION OF RISK

Most of the women business owners did not perceive their business ventures as great risks. In 1986, in the total population, ten percent (10%) of the women saw their level of risk as high, while the remainder perceived their risk to be low to moderate. Most entrepreneurs would likely perceive their business to be of low to moderate risk; otherwise

they wouldn't go into business. This parallels their optimistic view of profitability. In contrast, a greater percentage of 1978 WBO's saw their business ventures as high risk. Seventeen percent (17%) perceived their risk as high. No women business owners in 1982-83 said their ventures were high risk.

What causes some concern in looking at the data is the change in perception of risk. Instead of more women seeing their venture as risky in West Virginia's depressed economic climate, a smaller percentage of WBO's view their businesses as high risk as compared to eight years ago. Possibly, as unemployment becomes a permanent fixture in some areas, women may feel they have less (or nothing) to lose in entering into a business venture and thus lower their assessment of risk.

VIII. START-UP & ON-GOING CONCERNS

Although the level of risk is perceived as low to moderate by the business owner, she must deal with a wide variety of problems. It is important to have a grasp of what problems female entrepreneurs are experiencing in order to develop training programs that can be useful to the business owner. We've asked two separate questions throughout the research period to differentiate problems at the start-up phase and at the early growth phase.

Start-up Concerns

Leading the list of start-up concerns in 1986 was cash flow difficulties. Forty percent (40%) of the women found adequate cash flow to be a problem. Bookkeeping and taxes followed, with twenty-two percent (22%) naming this as a start-up problem. Marketing, design and purchasing in small lots were also major concerns with half (50%) of the women listing at least one of these items as a trouble spot. The problems

did not appear only in the target group but affected everyone. All of the WBO's expressed an interest in on-going training in these problem areas.

We consistently found three recurring start-up concerns throughout the research periods of 1978, 1982-83, and 1986. They are: (1) Insufficient capital; (2) lack of bookkeeping and general management skills; and (3) difficulties with marketing. The first start-up concern relates both to access to capital and to continuing undercapitalization, which are covered in another section. The second start-up concern, lack of bookkeeping and general management skills relates to an observed general sense of math anxiety among many women. It also confirms that WV female entrepreneurs are unlikely to be emerging from the business world where they have received prior experience in a related business field. Over the years that researcher Holup has been developing and conducting training programs, she has observed a shift in the WBO's perception of bookkeeping tasks. Generally an owner tends to be familiar with the particular field she is in, but does not have a grasp of how to do the recordkeeping. What has been observed from WBO's is the need and demand for detailed analyis of how to use the numbers for management purposes. Once women business owners are taught the relationship among figures and how they can be used for planning and analysis, it has been Holup's experience that they want to become more involved in the generation of those figures.

The third concern, marketing, appears to reflect a shift in understanding of what marketing encompasses. In 1978, WV WBO's sited publicity as their major concern. Perhaps they thought that if the consumer knew about the product or service, it would sell. By 1986, however, WBO's were saying that "marketing," not just publicity, was a critical start-up concern for them. There seems to be a more

RECOMMENDATIONS

sophisticated analysis and understanding of what it takes to get the product/service from the entrepreneur to the consumer. This includes publicity, defining the target market, pricing the product/service right, developing a consistent image, and distributing the product/service through appropriate channels.

The 1978 & 82 data lists a concern which does not occur on the 1986 list. Both earlier studies listed lack of confidence as a major start up concern. In a Small Business Seminar class that Holup taught at Marshall University Women's Center, the issue of confidence and being taken seriously was a recurring discussion topic among the forty-five (45) women who completed the course. Many of the women in the class had little contact with the business community prior to entering into business. They found suppliers and bankers unwilling to take their efforts seriously. These WBO's recognized the need to become not only assertive, but sometimes aggressive to get services other people in the same industry took for granted.

What is surprising is the fact that this concern does not appear in the 1986 listings of start up concerns. Perhaps with more & more women entrepreneurs as role models, women just entering business don't see the lack of confidence issue as a problem. They have seen and continue to see many women starting their own businesses, at a rate three to five times that of men.

On-going Concerns

The next logical question to ask female entrepreneurs, in order to document business development issues, concerned their current, on-going problems. From the 1986 survey data, the two most frequently mentioned on-going concerns were inadequate cash flow, and marketing, the same concerns mentioned previously as start-up concerns. These same on-going

concerns were mentioned in both the 1978 and 1982-83 studies. However, two other concerns were listed in previous periods which weren't mentioned at all in the most recent data. In 1978, the most frequently listed on-going concern was the need for reliable employees. In the 1982-83 data, the third most frequently mentioned concern was competent advice.

The need for reliable employees, which was mentioned in 1978, perhaps reflects a more mature business stage in which a business owner has developed the business to the point where she is managing people who are working for her. As the WBO's tasks change with the size of the business, she must be assured that trustworthy and reliable employees are available for back up and daily operations management. We have not observed recent small businesses with employee-related problems because many of the entrepreneurs studied are in an early stage of the business and either do not have employees or may not plan to have employees.

The other area of concern, which is crucial at the early growth stage of the business, is having competent advice. Many new entrepreneurs have no idea what to look for from advisors. The person who has done their personal taxes, whether a professional or a family member, may know nothing about tax laws concerning a business. Likewise, lawyers have different areas of specialization and those with small business experience should be sought out. Competent advice and awareness of where to get it is important information to provide the female entrepreneur.

IX. RESOURCES

One way to assist entrepreneurs at the start-up phase is to provide consulting services which take them through the mechanics of the business plan and provide them with basic "how-to" information related to state and federal requirements. Another way to get information for a new

venture is to find someone with a similar business, someone who isn't likely to view the entrepreneur as a competitor, and to pick her brain. Using similar business owners as consultants can cut down a learning curve extensively and can eliminate costly start-up mistakes.

The 1986 survey asked WBO's with whom they consulted, both prior to and after opening. Family and friends topped the list of consultants, with seventy percent (70%) of the respondents seeking the advice of this group prior to opening. After opening, advice sought from friends remained at about seventy percent (70%), while those seeking assisance from family members declined to fifty-eight percent (58%). Owners of similar businesses were the next most frequent source of information. Prior to opening, sixty percent (60%) of the women checked with this source and, after opening the rate went up to seventy-one percent (71%). The percentages for those who consulted with accountants were nearly the same: sixty-one percent (61%) sought assistance prior to opening, and seventy-one percent (71%) afterwards.

Of those who did not use consultants in 1978, seventy percent (70%) did not think they were necessary. In eight years' time, with the emergence of organizations like Women and Employment and the extensive SBA-funded network of Small Business Development Centers (SBDC's), women entrepreneurs have apparently become much more aware of available resources and advice. By 1986, sixty percent (60%) of the survey respondents had received <u>direct</u> assistance from organizations such as W&E or the SBDC's. After opening, W&E had requests from forty-six percent (46%) of the survey respondents and the SBDC's had requests from fifty-nine percent (59%).

Some comment is appropriate here on the Small Business Development Centers, which are currently located on eleven college and community

college campuses throughout the state. These centers are capable of servicing the business needs of entrepeneurs with professional business advice. Most recently, women entrepreneurs represented forty-eight percent (48%) of all their training participants. When women were counted as "special emphasis" clients, they represented forty-eight percent (48%) of all counseling clients and seventy-eight percent (78%) of all training clients. (These targeted special emphasis clients included women, minorities, veterans and exporters). Also, out of the one hundred and eight (108) events sponsored by the SBDC's from January though September 1986, the Governor's First Annual Leadership Conference for Women drew the second highest number of participants when compared to the total number of participants/event. Ninety-six women from around the state participated in this program geared specifically to women business owners and professionals. Most of the presenters were women, providing positive role models, and the atmosphere encouraged business and professional networking. (Annual Report: Small Business Development Center Division of GOCID, Oct. 1985 - Sept. 1986)

Women business owners are clearly seeking resources for their business ideas. They are seeking professional advice, attending seminars to further their goals, and using available opportunities to get encouragement from other businesswomen.

X. CAPITALIZATION

Having enough capital to start a business is a universal problem among business owners. This is particularly true for women, who may have little or no collateral and a sparse credit history. To try to identify the source of the problem, we attempted to look at the capitalization of businesses and where women obtained financing. We asked the women to list

(1) the starting capital available to them and (2) the amount of capital actually needed to start their business. The difference between these amounts was considered the amount by which the business was potentially undercapitalized. Over half (53%) of all the women surveyed in 1986 stated they needed more money to start their businesses than they actually had available.

Start-up capital for small businesses is almost impossible to get in West Virginia or anywhere. WBO's, from data in these surveys, tend to get their start-up funds from family and friends and usually start with less than $5000. In 1978, over half the women surveyed, (56%), had less than $5000 to start their businesses. Even indexed to today's dollars that amount would still be under $10,000 ($8403-Bureau of Labor Statistics, CPIU 1978 and 1986). In 1986, forty-four percent (44%) of the survey respondents were still starting their businesses with less than $5000. Our results from both survey periods indicates that about half the women (forty-eight percent (48%) in 1978 and fifty-three percent (53%) in 1986) were at a disadvantage at the beginning by being undercapitalized.

Undercapitalization is often cited as a primary reason for business failure. There are several reasons for this. One, entrepreneurs often lack the experience necessary to estimate financial needs. Therefore, the businss plan, provided there is one, tends to overestimate sales and/or underestimate expenses. By far the most commonplace reason for undercapitalization, from our field observations, is women's lack of access to capital. Women we've talked to over the past four years have told us repeatedly about approaching banks for small loans and being turned down. Without collateral and/or a solid credit history, it is understandably very difficult to receive a bank loan or SBA loan. The

problem of access to capital in West Virginia is exacerbated by having one of the lowest loan-to-deposit ratios in the country. (Making the Grade:The Development Report Card for he States by: The Corporation Enterprise Development) Many banks in the state are not reinvesting deposits in the local community for either mortgage or business lending. While this movement of deposits into safer investments does insure the stockholders a potentially better return, it does not encourage local economic development.

Responding to these factors of inadequate business plan development and lack of access to capital, Women and Employment embarked on the development of a loan guarantee program which would serve the low-to-moderate income population of women trying to start a business venture. In 1983, we started the first U.S. affiliate of Women's World Banking, an international loan guarantee program operating in thirty-three countries around the world. Women's World Banking/WV was incorporated in 1985 to provide technical assistance and loan guarantees to women business owners needing collateral and/or development of a credit history. This program has a contractual agreement with a local bank (United National Bank, N.A., formerly Kanawha Banking and Trust, N.A.) to lend the funds while taking a twenty-five percent (25%) risk on the loan. The remaining risk is assumed by the local affiliate (25%) and the international fund (50%). To date, the program has assisted 117 women business owners and guaranteed four loans ranging from $2500 to $10,000, the current ceiling on loan guarantees.

XI. HOMEBASED BUSINESSES

In 1985, researcher Holup participated in a series of Home-based Business Workshops, sponsored by the Cooperative Extension Service, in

which a home-based business survey was conducted. Results from that survey have not yet been published, but those participants were also sent the 1986 women business owner survey. Because of the outstanding response to these workshops it was not surprising that homebased businesses were the choice of two-thirds (66%) of the total 1986 survey population. For the low-income target, the percentage was slightly lower; 60% were home based operators. Home based businesses were not substantiated in either the 1978 or 1982/3 data because the trend toward such busineses was not yet recognized.

There are several factors contributing to the growing popularity of homebased businesses. These factors remain true for the total population and the target group. Flexibility in the work schedule and the lower cost of operation were both reasons given for choosing home based operations. The flexibility of work hours is especially critical for women who have parenting responsibilities. The lower cost of operations allows a business to open with less of a capital investment. If the business is in the service sector, the cost of operations can be lowered even further.

XII. JOBS CREATED

Women have realized the need to create opportunities for themselves through self-employment. They have also been involved in creating jobs for others. In the 1986 data, two respondents relied on contract labor for specific jobs. In one instance, women who produced crafts for a marketing crafts cooperative acted as independent contractors. In the second case, the owner used contract labor in her interior painting and wallpapering company. Ten women businessowners hired between one and four employees and one business had between five and nine employees. In most cases, the businesses in operation over two years were the ones in a

position to have employees. In 1978, forty-two percent (42%) of the respondents hired between one and four employees. That rate fell to twenty percent (20%) in 1986. The data made no distinction between part-time and full-time employment.

Although a recognized measure of success in a business is the growth of the business, not only in sales volume, but in the number of employees, we do not believe the 1986 statistics necessarily indicate a lack of success. The majority of women surveyed in 1986 were owners of service sector businesses and because of the nature of these businesses, were less likely to have employees than retail-based establishments or manufacturing firms. These service sector businesses often deal one-to-one with customers, and are able to limit the amount of customers with whom they meet, limit their operating hours and perform services under their own conditions of time and space.

Many of the clients W&E has seen are single parents and interested primarily in providing a financially secure environment for themselves and their children. They are owners of what are often called microenterprises and plan to keep their businesses at a small scale. They are often not interested in employing others because of the shift in their role which would accompany that expansion.

Another reason for the decrease in the number of employees generated from these small businesses has to do with the grey area of the law which distinquishes between contract labor and employees. Women business owners recognize as well as anyone else the high cost of employees when combining the costs of insurance, FICA, Worker's Compensation and Unemployment Compensation. These costs can add twenty or more percent to the wage so that a minimum wage job can end up costing the employer $4.20 per hour. In an economically depressed area such as West

Virginia, and particularly in the rural areas, many entrepreneurs cannot support these costs with their sales volume.

What has been emerging is the trend toward increased use of contract labor, on a part-time basis, to provide additional services to the entrepreneur. The continued use of contract labor is always cautioned against because of the legal distinction between the status of contract labor and employee. WBO's are becoming more informed about these distinctions through workshops and consulting sessions, but may need to check with the Department of Labor to clarify the status of workers.

Women and Employment is currently working with clients who have moved from the start-up phase of their businesses into an early growth phase. These clients are analyzing their business potential to determine what incremental growth can occur with the addition of one employee. We expect to see an increase in the number of businesses with employees in the next several years, but expect the majority of WBO's to maintain their businesses at a level that provides for themselves and their families.

XIII. PRIOR EXPERIENCE

A key element in successful business ownership is prior preparation leading up to development of the business itself. This includes having role models, previous related job experience, and training courses which directly relate to the business.

A relative or close friend in business can provide the needed opportunity for close-up exposure to the trials and tribulations of business ownership. The women businessowners in the 1986 survey were able in many cases to point to such role models in their lives; sixty-one percent (61%) had either a relative or a friend who owned a business. This contrasts with the 1978 data, where approximately forty percent (40%)

of the respondents had either a relative or friend in business.

A previous job in the same or related business, would seem to be a natural channel for the potential female business owner to gain experience before taking on the responsibilities of ownership. In this research, the statistics show some potentially disturbing trends. There has been a decrease in the percent of WBO's who have had previous experience in a related business. In 1978, thirty-three percent (33%) of WBO's surveyed had related work experience, while by 1982-83 that percentage had declined to twenty-seven percent (27%) and by 1986, only twenty percent (20%) had such experience. A similar decrease appears in WBO's participation in business training courses. Statistics show that, in 1978, fifty percent (50%) of female entrepreneurs surveyed had attended business-related courses and seminars. In 1986, only twenty-eight percent (28%) had shown similar initiative. (During the 1982/83 survey period, the percent increased to seventy-seven percent (77%), a figure that is probably skewed because of the seminar students were attending at the time of the survey.)

Another measure of experience for the women business owner is the length of time she has been in business. In 1986, fifty percent (50%) of all the respondents owned their businesses for more than two years. In the low income target group, thirty-six percent (36%) had at least two years invested in their businesses. In 1978, seventy-nine percent (79%) of the WBO's surveyed owned their businesses more than two years, almost thirty percent more than in 1986. This substantial change reflects a national trend, observed by the SBA, that states women are starting small businesses at a rate three times that of men. With more and more women developing small businesses, we would expect to see fewer who have been in business two years or more.

Prior experience is an asset for a potential female entrepreneuer. Lenders are apt to give this factor a great deal of weight when reviewing a business plan. It provides assurance that the business owner has some knowledge of the industry and is therefore not as likely to fail as someone who has to learn the business from the ground up. This same reasoning is also applied to courses and seminars relating to business development. There should be some concern when we look at the statistics and see a downward trend in the amount of related experience from 1978 to 1986. To those involved in business management education, this should be a clear signal that there is still considerable need for outreach toward the targeted population in this study.

XIV. DEMOGRAPHICS

AGE: The average age of the women in the 1986 survey was 39.3 years. The low income target group was slightly younger at 37 years. We know that fifty percent (50%) of these women had been in business over two years, with an equal number of the total population as newcomers to entrepreneurship. This means that many of the women were starting their businesses in their mid-to-late thirties. For most women, it is at this life stage that the role of caretaker for their children becomes less demanding and there is more time to pursue other endeavors.

CHILDREN: Many women with whom we have spoken have chosen to work from their homes in order to take care of their children. From our experience, we recognize the difficulty of operating a business and concurrently caring for young children. Too often, these demands pull the female entrepreneur in different directions at the same time. However, this has not prevented these women with children from starting a business. Of the women businessowners surveyed, seventy-five percent (75%) had

children, with an average of 1.5 children. During the 1978 and 1982/83 research periods, sixty-nine percent (69%) of the women business owners had children.

MARITAL STATUS: Approximately one-half (50%) of the total population was currently married. In 1978, only thirty-three percent (33%) of the surveyed women were currently married, while the next research period increased to fifty-four percent (54%), closer to the current level.

SUPPORT: We believe that a critical factor for the success of a female entrepreneur relates to her family's support of her business venture, not necessarily in monetary terms, but emotionally. In 1986, sixty percent (60%) of the respondents stated they had strong family support during the development of their businesses. During the first two research periods, eighty percent (80%) of the women business owners indicated they had strong family support.

It is important to note that we failed to investigate the support these WBO's found outside of the family network. In fact, it is possible that the decline in positive response to this question in 1986 could be related to the limits of the question. Some women, particularly single women in recent years, have developed support networks of friends and others who are encouraging them to develop their entrepreneurial skills.

EDUCATION: All the women who responded to the 1986 survey had at least a high school education. In the total population, eighty-three percent (83%) of the women had some college courses or more, and forty-nine percent (49%) had completed an associates degree or better. In the low-income target group, ninety-one percent (91%) had some college and thirty-six percent (36%) had completed an associates degree or better. In 1978, ninety-one percent (91%) of the women business owners had graduated

from high school. In 1982-83, one hundred percent (100%) of the WBO's had a high school diploma.

This highly educated group does not reflect the general educational level of West Virginia women. In the state, fifty-nine percent (59.2%) of all women are high school graduates (WV Women: In Perspective 1970-1985) compared to our total research population having a high school degree. It is highly likely that the return rate for the 1986 survey was lowered because less educated women were not as likely to respond to a written questionnaire as more educated women entrepreneurs. We know from field observations that not all female entrepeneurs have high school diplomas. This probable discrepancy points out the importance of non-written documentation to chronicle entrepreneurial development among less educated women.

URBAN/RURAL: Of the women business owners surveyed in 1986, fifty-five percent (55%) lived in urban areas and forty-five percent (45%) stated they lived in a rural area. From the 1980 census, two-thirds (66%) of all WV women lived in rural areas, so our WBO population represented a more urban-located entrepreneur than one might predict from the general population statistics.

RECOMMENDATIONS

From a review of the research data, we are presenting a series of recommendations. Some of these are general recommendations that are a result of data and conclusions from the total research report. Other recommendations are given under specific research topics and relate to those topics. In each case, the recommendations are targeted toward prospective readers and users of this report, specifically: women business owners, technical assistance providers and educators, bankers, and public policymakers. When appropriate, these targeted groups are highlighted.

General Recommendations

(1) Data Collection needs to be on-going to follow entrepreneurs over time and to document general trends in small business development. In particular, low income women, who are being encouraged to develop small businesses, need to have their business development documented. State and national PUBLIC POLICYMAKERS need to know the impact these women are having on their local economy, the effect their small businesses are having on reducing public assistance budgets and the impact self-employment is have on self esteem of the women.

(2) Data Collection should be oral as well as written to include those silent entrepreneurs who are not comfortable responding to written questionnaires.

(3) EDUCATORS developing training materials should recognize that the same training techniques cannot be used with all populations. More audio-visual materials need to be used and developed. There are technical assistance groups in the U.S. and abroad who either have some of these materials or who are currently developing them. These training resources should be checked before developing new materials.

(4) EDUCATORS need to be conscious about taking training and counseling out of college campuses to communities where less educated individuals can feel comfortable in a neutral learning environment.

(5) EDUCATORS need to promote the development and use of a business. There is a need to provide specific assistance to women business owners in the construction and analysis of their business plans.

(6) WOMEN BUSINESS OWNERS should learn to develop, analyze and use a written business plan to assist in the development of their businesses. They need to struggle through the numbers and shape the business plans themselves. It is important for WBO's to have assistance from experts, but unless they can understand the numbers themselves, their business plan will be of limited use.

(7) PUBLIC POLICYMAKERS should encourage programs which would allow so business activity to supplement basic subsistence income based on transfer payments, An example of this would be the AFDC Pilot Project passed by the WV legislature in 1987.

(8) There needs to be concerted action for the transfer of information

between the urban and rural areas of the state, particularly technological information and market opportunities. Something like the proposed Technology Information Transfer Extension Service would provde an added means of matching up educators, bankers, etc. with potential entrepreneurs.

(9) WOMEN BUSINESS OWNERS need to have access to capital. There are some innovative programs, nationally and internationally, providing seed capital, including Women's World Banking/WV, but there appear to be a lack of these programs on the local level. These initiatives need to be encouraged at the communtiy level to benefit small businesses.

(10) THE BANKING COMMUNITY needs to shoulder a greater responsibility for local community development. West Virginia banks have one of the lowest loan-to-deposit ratios in the nation. Funds that citizens deposit in local banks need to be invested in the community in the form of economic and community development efforts.

(11) BANKERS should consider more criteria when assessing a bank loan application. Besides experience, viable business plan, credit risk and collateral, bankers should consider, as positive factors, whether a potential WBO has a support network and/or role models. Consideration of such factors should reduce overall risk.

(12) WOMEN BUSINESS OWNERS need to look at ALL the implications of home based businesses. Low overhead and flexible work schedules make a homebased enterprise appealing, however, the WBO must take a realistic look at the distractions of working at home and the interference of those disturbances to her business.

Specific Recommendations

(1) Industry Sector

(a) The WOMAN BUSINESS OWNER needs to be aware of market trends, particularly those in the service sector, so that she may respond to the marketplace appropriately. This includes subscribing to business magazines and trade journals.

(b) EDUCATORS need to be aware of market trends to transfer information to individuals and to develop appropriate training materials.

(2) Ownership

WOMEN BUSINESS OWNERS need to educate themselves about the forms of legal ownership. While a sole proprietorship may be the easiest form of business to establish, they need to assess whether this form will best suit their needs and protect their interests and personal assets.

(3) Planning time

WOMEN BUSINESS OWNERS should allow substantial planning time to develop their business plan, generally three to six months at least.

(4) Hours spent on business

WOMEN BUSINESS OWNERS should plan for their business to consume more than forty hours (40) per week once they are open for business.

(5) Perception of Risk

a) WOMEN BUSINESS OWNERS need to understand that their personal assets may be at risk. They need to know their personal aversion to risk and at what level they are unwilling to risk additional assets.

b) EDUCATORS need to provide testing regarding entrepreneurial traits, including an assessment of the individual's aversion to risk.

c) BANKERS need to review their own risk aversion and assess the risk of local business loans compared to potential community return.

(6) Start-up and On Going-Concerns

a) WOMEN BUSINESS OWNERS need to understand that cash flow and marketing will be perennial problems. They need to develop business strategies focusing on these critical areas.

b) EDUCATORS need to plan additonal training programs specifically on cash flow management, bookkeeping and marketing for the female entrepreneur.

c) EDUCATORS should spend more time teaching the interpretation of financial records, especially when these reports are generated by bookkeepers and accountants. This is information women business owners are asking for and need to know.

(7) Capitalization of the Business

a) WOMEN BUSINESS OWNERS should develop realistic business plans which include adequate capital needs.

b) EDUCATORS and BANKERS should try to ensure that women-owned businesses are starting from a fully capitalized position.

(See General Recommendations related to capitalization of businesses).

(8) Jobs Created

WOMEN BUSINESS OWNERS should be clear about their objectives for the business and not overestimate the number of employees they will hire.

(9) Resources

a) WOMEN BUSINESS OWNERS and EDUCATORS should consider developing a network of associates to assist the entrepreneur. These associates, including other entrepreneurs and technical assistance providers, could meet together to share advice, discuss additional training needs, and participate in cooperative marketing. This would be particularly helpful to rural female entrepreneurs who often become isolated in homebased businesses. Organizations such as the National Association of Homebased Businesswomen, and others speaking to these needs, should be encouraged on a local community level.

b) EDUCATORS AND BANKERS need to make a concerted effort to do outreach in local communities to let female entrepreneurs know that support services exist.

c) WOMEN BUSINESS OWNERS need to continue to seek advice, not only from family and friends, but also from other female entrepreneurs and professionals.

APPENDIX

APPENDIX I: Trend Study

	1978 (n=48)	1982-83 (n=26)	1986 (n=51)
Industry sector			
service	31%	39%	56%
retail	45%	36%	25%
light manufacturing	N/A	N/A	18%
Type of Ownership			
sole proprietorships	52%		75%
Planning Time			
more than 6 months	49%	80%	88%
have a written business plan	4%	N/A	22%
Status of the Business			
Potentially Profitable or better	96%	N/A	
Perception of Risk			
perceidved as low to moderate risk	83%	100%	90%
Hours spent on Business	65%	N/A	63%
Capitalization of Business			
less than $5000	56%	N/A	44%
did not have adequate amount starting captial	48%	N/A	53%
Home-based Business	N/A	N/A	66%
Jobs Created			
between one-four employees, part or full-time	42%	N/A	20%
Prior Experience			
relative or friend role model	40%	N/A	61%
previous job in related business	33%	27%	20%
related business courses	50%	77%	28%
length of time in busi.	79%	N/A	50%
Demographics			
age, avg.	N/A	N/A	39.3yrs.
children avg. yos	N/A	N/A	1.5
percentage w/children	69%	69%	75%
married	33%	54%	50%
family support	80%	80%	60%
education, H.S	91%	100%	100%
location	N/A	N/A	
urban			55%

rural	45%
Resources	
Family	70%
before opening	58%
after opening	
Friends	70%
before opening	70%
after opening	
Owners of similar businesses	60%
before opening	71%
after opening	
Accountants	61%
before opening	70%
after opening	

APPENDIX II: Case Studies

Examples have always been an effective teaching or learning tool, depending upon one's perspective. What follows are case studies of three businesses which have begun in the last four (4) years. In each instance, the owners have had some relationship with Women and Employment, Inc. The first business manufactures rubber stamps. Add-a-line Rubber Stamp was the first business to receive a loan guarantee from WWB/WV. The second business is in the service sector. Barbara Hubbard operates Interiors Only, an interior painting and wallpapering company. She financed the business with her 1985 federal tax refund. Finally, our last business is a marketing co-operative. Six women in Wayne County act as independent contractors making traditional crafts. They come together as Genoa Crafts to sell their products. This last group was the first to participate in an intensive training program offered by Women and Employment.

Add-a-Line Rubber Stamp and Printing Services

Shirley owns Add-a-Line Rubber Stamp and Printing Services in Princeton, West Virginia. Her business opened in July 1985 after receiving a loan guarantee from Women's World Banking/West Virginia Affiliate. Today Shirley's business is showing a profit and has involved much of her family in the daily operations. Her nephew works full-time operating the printing presses, her grand-daughter at age 10 is learning how to cut rubber and proof-read and her sister-in-law takes care of the books and taxes.

The rubber stamp business was not new to Shirley; she had worked for 10 years in a business her former husband owned. In 1985, Shirley had a part-time job and lots of free time on her hands. She was interested in picking up some equipment to produce rubber stamps to provide some extra income for herself. She discovered a stamp business in Charleston that was closing its doors and Shirley, who had always enjoyed the stamp business, was faced with a real opportunity. She contacted two local banks, told them of her expertise and belief that there was a profit to be made manufacturing stamps. The banks turned her down, stating she didn't have any collateral, no credit history and hadn't been in the state long enough. She contacted the SBDC office near her and in turn was referred to WWB/WV. Shirley was the first approved loan guarantee of WWB/WV. She secured her $5000 loan, purchased equipment and opened her business.

In retrospect Shirley says that her initial loan was low and it presented her with cash flow problems. But determined, she kept on. After several months, Shirley went to the local bank to apply for a loan to buy more equipment. Having a credit history and collateral she secured a $10,000 loan at a lower interest rate. She paid off her WWB loan, bought equipment and had some working capital left over.

When asked about trouble spots for her, Shirley mentioned that advertising "letting people know you're out there" is a major difficulty. She thinks having a sales representative would help that but she is reluctant to take on another salaried employee. Her greatest asset is her experience and love for the business. Shirley claims "I enjoy it... just like coal miners where they get coal in their blood vein, I've got ink lead in mine." When she gives advice to other women who are interested in starting a business, she suggests they contact the SBDC's or W&E. She also recommends the WBO's have experience and knowledge of the business they want to start, but they also need lots of encouragement, especially in new ventures.

Shirley is a remarkable woman. Her knowledge has certainly been an asset to the business, but one must be certain to measure fully the time and determination that she has also invested. A caller asking her hours was told "I close at 10 minutes to 12 and I open at 10 past 12". The caller expressed surprise. Shirley simply told him "I need some time to take a bath."

Interiors Only

Interiors Only is a wallpaper and painting business owned by Barbara, an energetic woman who became a single parent of three children after her divorce. In order to make ends meet Barbara worked 3-4 jobs at a time. One of those jobs was painting home interiors on a rather irregular basis. Barbara had gained her experience working with her former husband, a contractor, when people on his crew wouldn't show up for work.

Through a friend Barbara made connections with an apartment owner who needed some work done. Barbara painted vacant apartments for $4.00/hour and this in turn led to other jobs. To increase the demand for her services Barbara learned how to wallpaper. In a trade for free labor, Barbara convinced a friend to let her practice on her home. In June 1986, she decided to move into this business full time.

As in many service industries, the capitalization of her business was not a large hurdle. Barbara took her IRS tax refund check of $250.00 and plunged ahead. Letting people know she was open for business was one of Barbara's major difficulties. She placed an ad in a local paper and set a goal of making 3 calls a night to friends, telling them she was open for business and asking them to pass her name along to people who might be interested in her services.

Shortly after she opened, the jobs began to come in. Barbara realized she couldn't do all the work by herself so she looked into hiring some people. Originally Barbara wanted to bring some people on as employees, but the 12.5% worker's compensation fee along with other taxes made this cost prohibitive. Barbara then hired worers as independent contractors at slightly higher than minimum wage. The independent laborer arrangement works well for Barbara as she does not have enough work to keep people on a

regular basis. At times however, she has had two crews working.

Barbara received assistance from W&E in the initial start-up phase of her business. Linda Holup assisted her in organizing her books and showing her through the maze of taxes, insurance and licenses. A constant difficulty Barbara faces is keeping her jobs schedule running on time. Barbara still works on accurately scheduling her time with customers. She has used other contractors as a resource, speaking with them to see how they resolve the problems of jobs running overtime and other operational difficulties.

As for advice to other women interested in starting their own businesses, Barbara is very frank. "You've got to be willing to eat and sleep it (the business) and you've got to love it." There is also a very practical side to this entrepreneur. Another piece of advice Barbara hands out is "when you start a business, don't spend any money you don't have to".

Barbara has completed her first year and is satisfied with the results. Her goal for the next year is to make a little bit more than the bills.

Genoa Crafts Cooperative

Unlike the other two studies Genoa Crafts (GC) is not the story of a single entrepreneur. Rather it is a group of rural women who have come together to form a marketing co-operative. GC grew out of a church-sponsored community center. Two religious Sisters who ran the center were concerned above the lack of employment possibilities in the area. In response to an informal survey of women in the community, learning how to sew was identified as a common interest. Classes, held at the center, were started immediately and the women began making tote bags.

Using the broad network of the Sisters' connections, these totes were being sold in schools and to friends and relatives outside the region. As this small group of 11 women progressed Sister Alice contacted Women and Employment to get assistance in setting up a cooperative. Through a series of 12 classes led by Linda Holup, the women developed a business plan. This included doing production runs to determine the pricing.

As it has grown GC has developed a much more diverse product line than when it first began. As products are introduced the women have discovered other jobs that are tied to their production lines. Tasks which include the pricing and promotion of the product need to be assumed by the group. This has been a difficult task for the women. Marketing assistance has been provded by business students from Marshall University to develop a strategy targeted toward the tourist industry in Huntington. As the marketing plan for GC developed it became clear that they would have to target craft festivals and the tourist trade to sell their products.

Of the 11 women that started Genoa Crafts, 5 women and the 2 Sisters remain. There are several reasons for this drop-off. "Husband pressures" is the way one of the women put it. In some cases the family support was not

there. Others had difficulty with welfare benefits, risking the cut-off of benefits before they were making a steady income. At present these are not full time jobs; however even the little they yield disqualifies a family from receiving benefits. One woman moved away and others simply didn't want to make the commitment to ownership.

Those who remain are committed to making the co-op work. They acknowledge they have come a long way since th beginning. For one woman operating a crafts sewing store was the fulfillment of a dream. All of them have gained self confidence through their involvement with the co-op and see themselves as better people. One woman went on to say she needed something for herself, something besides raising kids and slinging hash.

Appendix III:

FEMALE ENTREPPRENEURS QUESTIONNAIRE-1978

DIRECTIONS: Please circle the number which corresponds to your answer.

1. Did you own a business during any part of 1977?

Yes 1 No 2

2. Mark the one statement below that best describes the way you owned this business.

Sole proprietor	1
Joint or coproprietor	2
Partner	3
Own 50% or more of the stock	4
Own less than 50% of the stock, but am the majority stockholder	5
Substantial stockholder, but not the majority stockholder	6
None of these apply - describe form of ownership _____	7

3. Which best describes the activity of the business.

Agriculture, forestry, and fishing	1
Mining	2
Construction	3
Manufacturing	4
Transportation and/or public utilities	5
Wholesale trade	6
Retail trade	7
Finance, Insurance and real estate	8
Other services - specify _____	9

4. Briefly describe what your business is.

5. How long have you owned this business?

Less than 1 year	1	More than two to five years	3
One to two years	2	More than five years	4

6. How many permanent, full-time and other employees were employed by this business in March 1977? (excluding yourself)

	Permanent, full-time	Other
None	1	1
1-4	2	2
5-9	3	3
10-19	4	4
20-49	5	5
50-99	6	6
100 or more	7	7

7. How did you come to own your business?

Started the business	1
Bought an existing business	2
Became a partner in an existing business	3
Entered into a franchise contract agreement	4
Took over the ownership of a family business	5

8. What were the gross sales of your business last year?

$24,999 or less	1
$25,000 - $49,999	2
$50,000 - $99,999	3
$100,000 - $249,999	4
$250,000 and above	5

9. What was the net profit of your business last year?

0	1	$15,000 - $19,999	5
$4,999 or less	2	$20,000 - $49,999	6
$5,000 - $9,999	3	$50,000 - $99,999	7
$10,000 - $14,999	4	$100,000 - $149,999	8
		$150,000 and above	9

10. How would you describe the current status of your business?

Unsuccessful, no longer in business	1
Struggling, survival uncertain	2
Struggling, potentially profitable	3
Successful, breaking even or better	4
Successful, profitable	5

11. On the average, how many hours a week do you devote to your business?

20 hours or less	1	41 - 60 hours	3
21 - 40 hours	2	61 hours or more	4

12. Do you personnally manage the day-to-day operations of your business?

Yes 1 No 2

13. What do you consider to be the current problem(s) of your business?

14. How long did you seriously think about going into business before you actually did it?

Less than six months	1	One to two years	3
Six to eleven months	2	More than two years	4

15. At the time you started your business, what were your reasons for becoming a business owner?

	Major Reason	Minor Reason	Not a Reason
Thought I was going to lose my job	1	2	3
Couldn't find a job I wanted	1	2	3
No future in the job I had; no room to advance	1	2	3
Bored with what I was doing	1	2	3
Wanted to supplement other income	1	2	3
Wanted to build up a business for future income/activity	1	2	3
Wanted to make a living by working for myself instead of for others	1	2	3
Wanted to try something new	1	2	3
Thought I could make a lot of money	1	2	3
Saw a real need/demand for a business like this	1	2	3
Mainly because someone else wanted me to do it	1	2	3
Lost my job	1	2	3
Other_____	1	2	3

16. Indicate how important each of the reasons below were in choosing your particular business.

	Major Reason	Minor Reason	Not a Reason
I had experience/training in this area	1	2	3

It suited my skills, talents, and/or abilities	1	2	3
I liked the idea of this kind of business	1	2	3
It was a family business	1	2	3
I saw a real need/demand for this product or service	1	2	3
Reasons of convenience, e.g. location, price, availability	1	2	3
Other_____	1	2	3

17. Approximately how much money did you have to start your business?

$999 or less	1	$10,000 - $19,999	4
$1,000 - $4,999	2	$20,000 - $49,999	5
$5,000 - $9,999	3	$50,000 - or more	6

18. Where did you get the money to start your business?

	Major Source	Minor Source	Not a Source
Personal savings	1	2	3
Joint savings	1	2	3
SBA loan	1	2	3
Commercial business loan from bank	1	2	3
Personal loan from bank	1	2	3
Loan (s) from family	1	2	3
Loan (s) from friends	1	2	3
Loan (s) from venture capital firms or private investor	1	2	3
Loan from or special financing arrangements with previous owner	1	2	3
Credit from suppliers/consignment arrangements	1	2	3
Other _____	1	2	3

19. Did you have an adequate amount of capital to start your business?

Yes 1 No 2

20. Have you ever applied for bank credit for your business and been turned down?

Yes 1 No 2

21. If you answered "Yes" to the previous question, did the bank tell you why your application was rejected?

Yes 1 No 2

22. What factors do you think influenced the bank to reject your credit application?

Lack of collateral	1
No previous business credit history	2
Poor business credit history	3
No previous personal credit	4
Poor personal credit history	5
Bank policy regarding small or new business owners	6
Bank policy regarding female business owners	7
Bank policy regarding minority business owners	8
Inadequately prepared loan request	9
Don't know	10
Some other reason - explain	11

23. What was your main reason for not going into business before this particular time?

24. How risky did you believe your venture was when you began your business?

Low, minimal risk	1
Moderate, calculated risk	2
High risk	3

25. Had you developed long-range plans and goals for your business before you opened it?

No	1
Yes, unwritten	2
Yes, written	3

26. Please indicate whether you have consulted any of the following resources for business advise and assistance.

	Prior to Opening		Since Opening	
	Yes	No	Yes	No
Accountant	1	2	1	2
Ad agency representative	1	2	1	2
Banker	1	2	1	2
Family members	1	2	1	2
Friends	1	2	1	2
Government agency _____ specify	1	2	1	2
Insurance Agent	1	2	1	2
Lawyer	1	2	1	2
Owner(s) of similar business	1	2	1	2
Owner(s) if business in other lines	1	2	1	2
Supplier/wholesaler	1	2	1	2
Other_____	1	2	1	2

27. If you have not used consultants, please indicate why.

Didn't know any in reasonable price range 1
Didn't know where to go for assistance 2
Didn't think I needed any consultant 3
Other, please specify_____ 4

28. What kind of initial, start-up problems did you encounter?

29. Altogether, how many businesses have you owned?

One	1	Three to four	3
Two	2	Five or more	4

30. How many of those businesses failed?

31. What is your current age? _____

32. What is your highest level of formal education?

33. What is your current marital status?

Single (never married)	1
Married (only once)	2
Remarried	3
Separated or Divorced	4
Widowed	5

34. How many children do you have? _____

35. What was your family's reaction when you decided to go into your own business?

Very supportive	1
Somewhat supportive	2
Indifferent	3
Somewhat non-supportive	4
Very non-supportive	5

36. How has being in business affected your personal and family life?

37. What is your approximate family income?

	Your's	If married or have living partner, husband's/living partner's
None	1	1
$4,999 or less	2	2
$5,000 - $9,999	3	3
$10,000 - $14,999	4	4
$15,000 - $19,999	5	5
$20,000 - $29,999	6	6
$30,000 - $39,999	7	7
$40,000 or more	8	8

38. Do you belong to any groups or associations that are helpful to you in your business?

Yes 1 No 2

If yes, please list their titles.

39. Please indicate any previous business experience by circling all that apply.

Father was business owner	1
Mother was business owner	2
Other family member or relative was business owner	3
Friend(s) own a business	4
I use to own another business	5
I use to manage/work in a business like this one	6
I use to manage/work in a different kind of business	7
I have taken business courses/training for a degree/certificate	8
I have attended business courses or seminars	9

40. At what age did you start your first business? _____

41. What activity were you involved in before starting your current business?

42. Which of the following "career involvement patterns" best describes your adult life?

Continuous employment (have always worked outside the home) 1

Unique employment (did not work outside the home for a period, this business has been my only work) 2

Intermittent employment (have worked outside the home off and on, stopping at least twice for personal reasons such as to travel, pursue other interests, childrearing, etc.) 3

Interrupted employment (worked outside the home for a while, stopped working for a period, began working outside the home again) 4

Late employment (did not work outside the home for a period, began working) 5

43. Would you still start your own business if you had it to do over again?

Yes 1 No 2

44. If you were to list the main reason for your success in business, would you say you were successful because of: (please choose only 1)

being at the right place at the right time 1
ability 2
hard work 3
luck 4
other _____ 5

45. Please describe yourself both before starting your current business (using the letter 'B') and after being in business (using the letter 'A') with the following scale:

	Very Strong	Strong	Average	Weak	Very Weak
happiness					
self-confidence					
optimism					
leadership					
flexibility					
handling money					
financial matters					
imagination					
planning ahead					
patience					
assertiveness					
energy					
taking responsibility					
working hard					
drive to achieve					
integrity					
self-reliance					
realism					
organization					
persistence					
composure					
taking risks					
physical health					
communication					
independent					
getting along with people					
making decisions					
ability					

Appendix IV.

SURVEY FOR CURRENT & PROSPECTIVE HOME-BASED BUSINESS OWNERS
September, 1986

INSTRUCTIONS: Circle ONE of the numbers (unless more than one is indicated) for each of the following questions. Information from this is confidential, will be used to develop training materials and to further for small business owners.

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1. Which of the following describes your current home-based work?

1. I operate a home-based business which I own completely or in part.
2. I work out of my home for someone else.
3. I do not work out of my home, but plan to develop a home-based business.
4. I work out of my home with other associates.

2. Do you (or do you plan to) sell a product or a service?

1. Product
2. Service
3. Both a product and service.

Please describe the product or a service your plan to sell: _____

3. Where do lyou (or where do you plan to) market your product and or service?

1. Local community
2. Surrounding communities
3. State of WV
4. United States
5. International

4. How do you (or how do you plan to) sell your product and or service?

1. Person to person
2. Retail outlet (s)
3. Mail order
4. Sales representative
5. Consignmnet
6. Other _

5. Why are you choosing to work out of your home? (Circle any that apply)

1. Child rearing responsibilities
2. Flexible work schedule
3. Tax write-offs for home business
4. Less expensive than working somewhere else

5. Other, Please explain: _

6. What are your reasons for becoming a business owner: (Circle any that apply)

1. Though I was going to lose my job
2. Couldn't find a job I wanted
3. No future in the job I have
4. Bored with what I'm doing
5. Want to supplement other income
6. Want to build up business for future income/activity
7. Want to make a living by working for myself
8. See a real need/demand for a business like this
9. Mainly because someone else wanted me to do it
10. Other: _

7. How long had you thought (or how long have you been thinking) about going into business?

1. Less than six months
2. Six to eleven months
3. One to two years
4. More than two years

8. How risky do you believvbe you venture is?

1. Low, minimal risk
2. Moderate, calculated risk
3. High risk

9. Have you encountered any of the following problems during the development stages of your home-based business? (Circle any that apply).

1. Complying with local zoning or building code regulations.
2. Obtaining liablility insurance
3. Complying with labor standards
4. Filing tax forms
5. Obtaining business licenses
6. Purchasing materials in small lots
7. Obtaining financing
8. Obtaining benefits (medical insurance, unemployment compensation)
9. Learning about marketing techniques
10. Learning about product design
11. Learning financial management
12. Finding adequate workspace in home
13. Feeling isolated
14. Complying with regulations for Aid for Families with Dependent Children (AFDC)

10. In which of the following areas should policymakers focus their attention in relation to home-based businesses: (Circle any that apply)

1. Provide assistance in product design/development, marketing, financial management
2. Revise zoning and building codes

3. Establish joint purchase and marketing groups
4. Provide assistance in financing
5. Revise labor standards for home-based businesses
6. Revise AFDC regulations
7. Other, Please explain: _ _ _

6. Loan(s) from friends
7. Loan(s) from venture capital firms or private investor
8. Loan from or special financing arrangements with previous owner
9. Credit from suppliers and or consignment arrangement
10. Other _

16. What from of business ownership do you have (or do you plan to have?)

1. Sole proprietorship
2. Partnership
3. S. corporation
4. Corporation
5. Cooperative

17. If you are incorporated do you own 50% or more of the stock?

1. yes 2. no

18. Please indicate any previous business experience by checking all that apply.

1. Father was a business owner
2. Mother was a business owner
3. Other family member/relative was a business owner
4. Friend (s) own a business
5. I used to manage/work in a business like proposed one
6. I have taken business courses
7. I have attended business seminars

19. What is your highest level of formal education?

1. Less than high school graduation
2. High school graduate
3. GED diploma
4. Technical/vocational training
5. Some college
6. Associate of Arts degree
7. Bachelor's degree
8. Graduate or professional degree
9. Other _

20. What type of work did you do in the past year?

1. Skilled labor
2. Retail
3. Clerical
4. Homemaker
5. Sales
6. Professional/Technical
7. Not employed
8. Business Owner

21. Are you currently receiving any of the following forms of assistance?

1. Aid to Families to Dependent Children (AFDC)
2. Unemployment Compensation
3. Black Lung benefits
4. Workers Compensation
5. Other: _ _ _

4. Outside urban area-place of 2500 to 10,000
5. Rural area-place of 1000 to 2500
6. Other rural area

28. In what state do you live? _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

Thank you for your cooperation.